REPORT OF INDEPENDENT ACCOUNTANT

Executive Committee
International Association for Accounting Education and Research (IAAER)
Copenhague, Dannemark

We have audited the accompanying statements of cash receipts and disbursements of the International Association for Accounting Education and Research for the year ended December 31, 2001. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in the summary of significant accounting policies, these financial statements have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of the International Association for Accounting Education and Research for the year ended December 31, 2001, on the basis of accounting described in the summary of significant accounting policies.

Paris (France)
April 10th, 2002
IAAER. STATEMENTS OF REVENUES COLLECTED AND EXPENSES PAID AND FUND BALANCE

Main figures in US dollars (years ended December 31):

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
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<tbody>
<tr>
<td>Total revenues</td>
<td>23,100</td>
<td>12,701</td>
</tr>
<tr>
<td>Total expenses</td>
<td>(18,182)</td>
<td>(16,611)</td>
</tr>
<tr>
<td>Excess of revenues (or expenses)</td>
<td>4,918</td>
<td>(3,910)</td>
</tr>
<tr>
<td>Fund balance, beginning of year</td>
<td>36,779</td>
<td>40,690</td>
</tr>
<tr>
<td>Exchange rate change adjustment</td>
<td>319</td>
<td></td>
</tr>
<tr>
<td>Fund balance, end of year</td>
<td>42,016</td>
<td>36,779</td>
</tr>
</tbody>
</table>

Fund balance consists in
- Cash in banks US   | 24,012   | 18,083   |
- Cash in banks Belgium | 4,618    | 5,310    |
- Certificate of deposits Belgium | 13,386   | 13,386   |

Fund balance, end of year: 42,016 $ and 36,779 €.

€ have been translated at the rate of 0.9 $ to 1 € in 2001

The accompanying notes are an integral part of the financial statements of the IAAER.

NOTES TO STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and practices followed by the International Association for Accounting Education and Research are as follows.

DESCRIPTION OF ORGANIZATION

The International Association for Accounting Education and Research (IAAER) is an international not-for-profit organisation with offices at DePaul University, Chicago, Illinois, USA, and EIASM, Bruxelles, Belgium (formerly HEC School of Management, Paris, France). The mission of the IAAER is to promote excellence in accounting education and research on a worldwide basis and to maximize the contribution of accounting academics to the development and maintenance of high quality, globally recognized standards of accounting practice.

IAAER carries out this mission by engaging in the following activities:

- Bringing an objective, research-based, academic voice to the development and approval process of international accounting standards through its relationship with the International Accounting Standards Committee (IASC).

- Participating in the development of International Accounting Education Guidelines through its membership on the International Federation of Accountants Education Committee (IFACEC).

- Communicating with its individual members, professional, academic and professional association members through the IAAER newsletter, COSMOS Accountancy Chronicle, and other means.

- Continuing its support of the Journal of International Financial Management and Accounting, the official journals of IAAER.
- Supporting the development of regional conferences on accounting education and research, by working cooperatively with national and regional accounting organisations.


- Promoting communication on educational issues among professional associations through conferences for education directors.

- Expanding membership of both individual members, professional, academic and professional association members.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting. Under that basis, the only assets recognized are cash and cash equivalents and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding dues unpaid at the date of the financial statements are not included in the financial statements.

MEMBERSHIP DUES

Individual members' dues are $30.00 for two (2) years. Institutional membership dues are $350.00 annually. It is the policy of the Executive Committee to waive the membership fee for institutional members in cases where it is difficult or impossible to obtain U.S. dollars.

CERTIFICATES OF DEPOSIT

The organization invests cash not needed for current operations in certificates of deposit at KBC Bank located in Belgium (formerly at KeyBank National Association located in South Bend, Indiana). As of December 31, 2001, 2000, and 1999, certificates of deposit consist of the following:

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<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
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<tbody>
<tr>
<td>Certificates of Deposit (US $)</td>
<td>13.386 (*)</td>
<td>13.386</td>
<td>15.740</td>
</tr>
<tr>
<td>(*) 14.873 €</td>
<td></td>
<td></td>
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COMMITMENTS

The Executive Committee has designated $4000 to the Fourth Biennial International Accounting Conference in South Africa (2004).